

FILED

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

2024 MAY 21 P 4:55

United States of America ex. rel.
The Tarbell Group, LLC,

Plaintiff

v.

Mid-Eastern Athletic Conference,
Employee Activity Association, Inc.,
Road Runners Club of America,
Virginia Rush Soccer, Inc.,
Cheers,
Metropolitan Business League, and
Glen Allen Community Center,

Defendants.

Case No. 1:24cv849

Filed in camera and under seal pursuant to 31 U.S.C. § 3730(b)(2)

COMPLAINT

Nature of the Claim

1. Relator The Tarbell Group, LLC brings this action for itself and the United States under the False Claims Act, 31 U.S.C. §§ 3729 *et seq.* to recover funds illegally obtained by Defendants under federal COVID-19 relief laws.

Jurisdiction and Venue

2. The Court has jurisdiction over, and is the appropriate venue for, this matter because it arises under a federal law, because the United States is a plaintiff, and because in this judicial district all Defendants can be found, reside, transact business in, or committed an act proscribed by the False Claims Act. 28 U.S.C. §§ 1331, 1345; 31 U.S.C. § 3732(a).

Parties

3. Relator The Tarbell Group, LLC is a limited liability company located in and organized under the laws of the Commonwealth of Virginia.

4. Defendant Mid-Eastern Athletic Conference is an entity exempt from taxation under section 501(c)(4) of the Internal Revenue Code, 26 U.S.C. § 501(c)(4) (“Tax-Exempt 501(c)(4) Organization”) with its principal place of business at 2730 Ellsmere Avenue in Norfolk, Virginia (Independent City of Norfolk).

5. Defendant Employee Activity Association, Inc., is a Tax-Exempt 501(c)(4) Organization with its principal place of business at 1306 Vincent Place in McLean, Virginia (Fairfax County).

6. Defendant Road Runners Club of America is a Tax-Exempt 501(c)(4) Organization with its principal place of business at 1501 Lee Highway, Suite 140, in Arlington, Virginia (Arlington County).

7. Defendant Virginia Rush Soccer, Inc., is a Tax-Exempt 501(c)(4) Organization with its principal place of business at 2044 Landstown Center Way in Virginia Beach, Virginia (Independent City of Virginia Beach).

8. Defendant Cheers is a Tax-Exempt 501(c)(4) Organization with its principal place of business at 210 Giant Drive in Richmond, Virginia (Independent City of Richmond).

9. Defendant Metropolitan Business League is a Tax-Exempt 501(c)(4) Organization with its principal place of business at 707 East Main Street, Suite 1615, in Richmond, Virginia (Independent City of Richmond).

10. Defendant Glen Allen Community Center is a Tax-Exempt 501(c)(4) Organization with its principal place of business at 10800 Brookley Road in Glen Allen, Virginia (Henrico County).

Background

11. To provide economic relief and stimulate the economy during the COVID-19 pandemic, Congress in 2020 enacted the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136, amended by, *inter alia*, the Paycheck Protection Program Flexibility Act of 2020, Pub. L. 116-142 and the American Rescue Plan Act of 2021, Pub. L. 117-2 (2021) (together with implementing regulations, referred to herein as the “PPP Program”). The PPP Program effectively transferred money from the federal government to eligible recipients via the United States Small Business Administration (“SBA”). The transfers took the form of private loans guaranteed, forgiven and reimbursed by SBA (“PPP Loans”). PPP Loan recipients could receive loans in up to two tranches, each called a “draw,” *i.e.*, first-draw and second-draw PPP Loans.

12. As a condition of receiving PPP Loans and forgiveness thereof, each applicant was required to certify its eligibility under the PPP Program.

13. The PPP Program at all times expressly excluded Tax-Exempt 501(c)(4) Organizations from eligibility. Such organizations were never eligible to receive PPP Loans.

14. Each defendant is a Tax-Exempt 501(c)(4) Organization and was therefore ineligible to receive PPP Loans.

PPP Loans

15. Mid-Eastern Athletic Conference applied and was approved for a first-draw PPP Loan on April 14, 2020 (loan number 7553267102), in the amount of \$285,500.00, received said PPP Loan, and had said PPP Loan forgiven on May 11, 2021, in the amount of \$288,497.75.

16. Mid-Eastern Athletic Conference applied and was approved for a second-draw PPP Loan on February 18, 2021 (loan number 1336418505), in the amount of \$225,000.00, received said PPP Loan, and had said PPP Loan forgiven on July 21, 2021, in the amount of \$225,943.75.

17. Employee Activity Association, Inc., applied and was approved for a first-draw PPP Loan on April 9, 2020 (loan number 9834137006), in the amount of \$126,146.47, received said PPP Loan, and had said PPP Loan forgiven on May 12, 2021, in the amount of \$127,492.03.

18. Employee Activity Association, Inc., applied and was approved for a second-draw PPP Loan on January 28, 2021 (loan number 7668828307), in the amount of \$136,030.00, received said PPP Loan, and had said PPP Loan forgiven on June 1, 2022, in the amount of \$137,828.62.

19. Road Runners Club of America applied and was approved for a first-draw PPP Loan on May 21, 2020 (loan number 1394087809), in the amount of \$65,028.00, received said PPP Loan, and had said PPP Loan forgiven on December 23, 2020, in the amount of \$65,402.13.

20. Road Runners Club of America applied and was approved for a second-draw PPP Loan on February 18, 2021 (loan number 1217148504), in the amount of \$65,027.00, received said PPP Loan, and had said PPP Loan forgiven on September 9, 2021, in the amount of \$65,385.09.

21. Virginia Rush Soccer, Inc., applied and was approved for a first-draw PPP Loan on April 8, 2020 (loan number 8477007009), in the amount of \$111,000.00, received said PPP Loan, and had said PPP Loan partially forgiven on November 27, 2020, in the amount of \$111,690.67.

22. Virginia Rush Soccer, Inc., applied and was approved for a second-draw PPP Loan on February 14, 2021 (loan number 8953368402), in the amount of \$111,000.00, received said PPP Loan, and had said PPP Loan partially forgiven on July 21, 2021, in the amount of \$111,410.08.

23. Cheers applied and was approved for a first-draw PPP Loan on April 14, 2020 (loan number 6545567104), in the amount of \$62,970.00, received said PPP Loan, and had said PPP Loan forgiven on April 5, 2021, in the amount of \$63,552.47.

24. Cheers applied and was approved for a second-draw PPP Loan on April 11, 2021 (loan number 2099438805), in the amount of \$34,940.00, received said PPP Loan, and had said PPP Loan forgiven on November 2, 2021, in the amount of \$35,123.43.

25. Metropolitan Business League applied and was approved for a first-draw PPP Loan on April 28, 2020 (loan number 7242167208), in the amount of \$37,300.00, received said PPP Loan, and had said PPP Loan forgiven on October 13, 2020, in the amount of \$37,463.71.

26. Metropolitan Business League applied and was approved for a second-draw PPP Loan on February 4, 2021 (loan number 2953238401), in the amount of \$37,300.00, received said PPP Loan, and had said PPP Loan forgiven on December 6, 2021, in the amount of \$37,602.54.

27. Glen Allen Community Center applied and was approved for a first-draw PPP Loan on February 24, 2021 (loan number 3826658509), in the amount of \$7,230.00, received said PPP Loan, and had said PPP Loan forgiven on January 26, 2022, in the amount of \$7,296.16.

Cause of Action - False Claims Act, 31 U.S.C. § 3729

28. Relator repeats and realleges each of the foregoing paragraphs.

29. Each defendant did knowingly present, or cause to be presented, a false or fraudulent claim for payment or approval, to the injury of the United States, by falsely certifying that it was eligible for a PPP Loan when it was not, thereby receiving a PPP Loan and forgiveness thereof.

30. Each defendant did knowingly make, use, or cause to be made or use, a false record or statement material to a false or fraudulent claim, to the injury of the United States, by falsely

certifying that it was eligible for a PPP Loan when it was not, thereby receiving a PPP Loan and forgiveness thereof.

Prayer for Relief

31. WHEREFORE, Relator respectfully prays for a judgment awarding the following relief against each defendant respectively:

- a. A declaration that such defendant did violate the False Claims Act;
- b. An amount thrice the amount of PPP Loans forgiven with respect to such defendant, plus civil penalties and applicable interest, under 31 U.S.C. § 3729(a)(1);
- c. The cost of this civil action, allocated to such defendant respectively in proportion to its share of the aggregate damages recouped herein, under 31 U.S.C. § 3729(a)(3);
- d. An award to relator, including its reasonable expenses, attorneys' fees and costs, under 31 U.S.C. § 3730(d)(1) or (2), as applicable; and
- e. Such other relief as may be just and proper.

Demand for Jury Trial

32. Relator demands a jury trial.

Respectfully submitted,

Bruce Ellis Fein May 21, 2024

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